

## **Overview Research Project Studies on Competitiveness of Small and Medium Enterprises Sector in View of Local and Regional Sustainable Development through Economic and Financial Policies**

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This special issue of EuroEconomica Journal is dedicated to research articles of the Stud\_Comp\_IMM project - "Studies on the SMEs Sector's Competitiveness Role on the Regional and Local Sustainable Development through Economic and Financial Policies". The project was financed by the Romanian Ministry of Education, Research and Youth, and it took place in the framework of the National Plan for Research, Development and Innovation II, the Partnership Program, 2008-2011, PN II 92121/2008.

The **general objective** of the project is to identify and to evaluate the impact of the economic and financial policies on the SMEs sector, focusing on competitiveness and on effectively exploit existing economic potential, towards economic growth and sustainable development at regional and national levels.

The **specific objectives of the project** are: a) finding and solving issues concerning the impact of the harmonization of the national economic and financial regulations with the EU Directives; b) evaluating the impact of changes induced to national economic and financial regulations upon the economic growth, while identifying means to diminish negative effects upon regional and local sustainable growth.

The *main phases of the project*, along the three-year duration, were:

1. 2009: developing a theoretical approach on the consequences of the middle and long term fiscal policy for the economic growth, for the competitiveness and for the unemployment in SMEs;
2. 2010: preparing instruments for a database and for a portal, then collecting data on SMEs that act in the agro-food sector (mainly in fishery and aquaculture), along with study on matters and consequences of the middle and long term fiscal policy on the economic growth, competitiveness and unemployment;
3. 2011: issuing models for the assessment of the impact of regional fiscal policy for the competitiveness and the integration of Romanian SMEs into the EU economy.

Among the **outcomes** of the project, some are expressly intended and some are not - but resulted from a successful partnership, nevertheless, all of them fruitful and sustainable:

- good scientific results, analyzed and approved through workshops with participation of personalities from academic and business milieus, and with the consultancy of international renowned scientists;
- an increased number of scientific reports and articles, published in the frame of project organized conferences, in journals, and in third part conferences or events;
- exercised and improved teamwork for the scientific groups involved – mainly in the context of the scarce teamwork culture in the Romanian universities;
- creation of a national research network, along with international strong links;
- extended international cooperation in European programs (FP7, INTERREG IV, URBACT) for projects issued and submitted during the project duration, exploiting the project consortium and the extended partnership created;
- enriching links between universities and business environment, while having in view the improvement of the quality of education and the efficiency of the human capital.

Stud\_Comp\_IMM project exhibited **structural complexity** due to various activity types developed during the project but also due to management problems encountered in the changing context induced by the global crisis occurred in the meantime. It also exhibited **conceptual complexity** due to the different regional contexts - hence specific fiscal policies and SMEs' problems in the geographically spread partnership, also due to various competitiveness problems of the local companies in the frame of Romanian transition economy and in the frame of the nowadays global economy.

Stud\_Comp\_IMM project **novelty and originality** refer both to the approach and to results, and can be summarized in the following aspects:

- focused research on the new and dynamic sector of SMEs in Romania, where the lack of competitiveness and the long or medium term risks are real threats for the economic growth;
- analyses of both microeconomic and macroeconomic facets of the fiscal policy for a most promising SMSs sector in Romania – the one concerning freshwater fishery;
- a new model elaborated for the evaluation of financial performances of SMEs, taking into account economic-financial policies impact and specific conditions in Romania, towards local and regional sustainable development;
- tests of the above mentioned model on over 40 SMEs, along with a new building database to be maintained in the future;
- a new instrument created for the evaluation and the estimation of future performances of SMEs, under the impact of external factors - especially regarding economic-financial legislation where the fiscal and financial systems has a significant role;
- emphasize on the important role of SMEs for the economic growth and for achieving a lasting economic development, and hence proper local and national fiscal policies in that respect.

The elaboration of Stud\_Comp\_IMM project was first intended for agro-food sector in general but developing the research it was discovered that a great potential have the SMEs concerned in the freshwater-fish production, so, the research team decided a focus on it. Reasons for such decision follows:

1. among the natural riches of Romania, fisheries and fish still hold an important place amidst the fields of national interest. Even though the fishing sector had little contribution in the GDP, the importance of this sector in the agriculture and the national economy is mainly given by this sector's social role, both through the food resources potential and the extension of wetlands and the biodiversity of species in the waters of the country;
2. since 2007, the aquaculture in Romania goes under the general goal of the National Strategic Plan – which aims to promote a competitive, dynamic, modern fishing sector that equally accounts for environment protection, social development and economy welfare. The National Strategic Plan, for the 2007-2013 period, is compliant with the Common Fishing Policy from within the EU and will reach its objectives through the implementation of the Fishing Operational Program. That program is linked to the Common Fishing Policy and the Fishing European Fund, applicable in Romania.

**The data collected in 2009 from 108 enterprises** occupied in aquaculture, are organized according to a series of technical, social, and economic features (area; facility category – reproduction station, nursery, farm, plant; age of biologic material – embryo roe, 1<sup>st</sup> year spawn, 2<sup>nd</sup> year spawn, fish of sales, remount, reproducers; applied reproduction technology – guided or artificial, combined; raising technology type and technologic system category – extensive system, semi-intensive system, intensive system, in ground pools, concrete pools, cages or pens, in recirculation systems, floaters, ropes, sea bottom, other areas; number of appointed people and gender; incomes, expenses, turnover). The data collected refer to representative SMEs in the area, as follows:

- 1) from the total number of aquaculture units 18% are state properties and 82% are private properties;
- 2) the dominating aquaculture facility type is the farm - representing approximately 63%, while the rest are combined facilities - plants and hatcheries (with or without incubation stations).
- 3) the farmed species of fish are predominantly those of freshwater from the cyprinids class, still dominating the East Asian cyprinid species. The freshwater fish species with high economic value are found in small or insignificant shares. Marine species of fish are not farmed; Invertebrate species also hold a small share;
- 4) aquaculture production is not diversified and doesn't cover the consumer necessity, Romania still annually importing about 50 thousand tons;
- 5) in the aquaculture sector the volume of investment is yet insignificant;
- 6) the rearing systems are still predominantly semi-intensive. Extensive systems continue to work. Intensive systems are especially used in raising trout and have not been extended to other farm species classes, excepting the intensive raising systems for sturgeon, but those are an

isolated case;

- 7) the average income made from aquaculture has low value, shifting from 13.000 Euro to 88.575 Euro (4,2 Euro rate);
- 8) Operating expenses are extremely high. Electricity expenses make up an average share of 7,2% of the whole expenses, those for raw material of 46,85%, and wages make up 38,13%, the gap to 100% is made up by other expenses.

### **Conclusions:**

The *STUD\_COMP\_IMM* project stands for an interdisciplinary subject, referring to high interest domains for Romania and issuing useful tools for the decision makers at different levels. Thus, at the macroeconomic level, it is extremely necessary to understand the economic evolution in the framework of EU regulations but also in the framework of local and regional specific conditions. As a member of the European Union, it is necessary to detect the viable economic domains, taking into consideration the market competition. At a microeconomic level, it is necessary to understand procedures and means to gain competitiveness and to accurately identify external factors that act upon the company, both in terms of opportunities and of threats.

The main beneficiaries of the project are SMEs and local or national authorities. The main research themes and solutions refer to causes and effects of the fiscal policies in the context of adapting the economic and financial legislation to the EU Directives. The project proposes models to evaluate the effects of the fiscal policy upon SMEs, and also looks for measures that can diminish negative effects encountered when an inadequate fiscal policy is held. The context of the firm is analyzed in the framework of regional sustainable development, with a special concern on rural areas, where freshwater fishing and fish-rearing could lead to economic growth.

Romania possesses a high potential for the development of small and medium enterprises in the freshwater fish and related areas, showing also a good inner and outer commercial potential. Such activities are of great importance, because of their potential contribution to the stabilization of the population in the territory but also leading to a notable income increase. Through new elaborated financial regulations that can stimulate the domain, it is possible to advance towards a lasting local and regional development even during crises times.

The foreseen social impact of the project is mainly on informing the target groups: educational and research institutions, the business milieu, and the decision makers in the fiscal policy area. That impact already took place through the organized conferences and workshops, and will continue through publications, courses, and a summer school. The project contributed to an increased cooperation between educational and research institutions, also with the private sector, and provided real information, models and tools - all means to sustain and to develop this cooperation. It was intended, and already initiated, a series of common projects issued and submitted to financing programs and bodies which could sustain the domain.

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